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NEWS RELEASE

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148-COUNT INDICTMENT CHARGES MICHAEL COOPER, RENAISSANCE, THE TAX PEOPLE, INC. IN \$84 MILLION TAX FRAUD SCHEME

KANSAS CITY, Kan. – United States Attorney Eric Melgren and Eileen J. O'Connor, Assistant Attorney General for the Tax Division of the U.S. Department of Justice, announced today that **Michael Craig Cooper**, 49, was arrested late yesterday, October 25, 2004, crossing the border from Mexico to the United States near Laredo, Texas. The arrest was made pursuant to an indictment against Cooper which was returned by a federal grand jury on August 13, 2004, but which has been under seal until today.

Cooper, founder of Topeka-based Renaissance, The Tax People, Inc., was indicted along with other officers of the company in a 148-count indictment accusing them of operating a tax fraud scheme that generated more than \$84 million from investors across the nation. Cooper is accused of being the designer, organizer and leader of an elaborate pyramid scheme built on selling investors fraudulent tax advice, encouraging them to reduce their tax withholdings so they could afford to buy his products and offering them cash incentives to sign up other investors.

Indicted along with Cooper were **Jesse Ayala Cota**, former Internal Revenue Service employee and manager of Renaissance Tax Team, 63, Vista, Florida; **Todd Eugene Strand**, National Marketing Director for Renaissance, 33, Topeka, Kansas; **Daniel Joel Gleason**, Director of the Renaissance Tax Team, 55, Franklin, Tennessee; and **Renaissance, The Tax People, Inc.**

“Our indictment charges that Mr. Cooper and others were selling something that was too good to be true,” Melgren said. “His customers were paying for bad advice, wrapped up in glossy packages and false promises. Mr. Cooper and his associates knew that his methods of dodging taxes were fraudulent and illegal, and were promoted only for their own personal gain. The evidence shows that Mr. Cooper amassed a fortune by exploiting his customers and

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by attempting to steal from the federal government. This indictment seeks not only to hold them accountable for these illegal actions, but to cause them to forfeit their ill-gotten gains derived from it.”

The indictment charges Cooper, Cota, Strand, Gleason, and Renaissance, The Tax People, Inc., with:

- one count of conspiracy to defraud the Internal Revenue Service and commit mail fraud and wire fraud;
- 34 counts of assisting in the preparation of false federal income tax returns;
- 36 counts of mail fraud; and
- 11 counts of wire fraud.

Cooper, Strand, Gleason, and Renaissance, The Tax People, Inc., are also charged with an additional 22 counts of assisting in the preparation of false federal income tax returns.

Cooper and Renaissance, The Tax People, Inc., are also charged with one count of conspiracy to commit money laundering, 41 counts of engaging in monetary transactions in criminally derived property of a value greater than \$10,000, and two counts of money laundering.

The indictment also seeks the forfeiture of \$84 million in United States currency plus land, vehicles, gold coins, bank accounts, and life insurance policies, the amount obtained directly or indirectly from these offenses.

The indictment alleges that from June 1997 through April 2002, Cooper, Cota, Strand, Gleason, and Renaissance operated a scheme to defraud by making false and fraudulent representations and promises to individuals to convince them to join Renaissance. The indictment alleges that Renaissance was a multilevel marketing company and individuals who joined Renaissance were known as Individual Marketing Associates (IMAs) who earned commissions by recruiting other individuals to join Renaissance. IMAs joined Renaissance for a fee of \$300 and paid \$100 per month to maintain membership. As of October 11, 2000, Renaissance had more than 50,000 IMAs, according to the indictment.

The indictment alleges that Renaissance’s product was a fraudulent home-based business package through which Renaissance offered tax support to its members in the form of tax return preparation, tax advice and audit protection. The product sold by Renaissance IMAs included the Tax Advantage System or Tax Relief System book, a collection of audiotapes that explained the Tax Advantage System or Tax Relief System as well as the business strategies of Renaissance, record-keeping materials, a W-4 Estimator designed to encourage IMAs to decrease their tax withholdings, a Renaissance order form, and catalogs for merchandise that could purportedly be purchased at wholesale prices. This product was sold to IMAs for \$300 and had to be purchased to qualify the IMA to receive compensation and bonuses through Renaissance’s compensation plan. IMAs were also required to purchase the Prepaid Tax Advantage or Platinum Tax Advantage service which purportedly included unlimited tax advice, audit protection, and free Form 1040 preparation for \$100 per month to

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be eligible to receive commissions for recruiting others to join Renaissance.

The indictment alleges that this scheme to defraud encouraged IMAs to modify their Forms W-4 to decrease the amount of income taxes withheld from their pay, enabling each IMA to afford the \$300 to \$1,200 purchase of the Tax Advantage System or Tax Relief System plus the \$100 per month Prepaid Tax Advantage or Platinum Tax Advantage fee; emphasized the conversion of personal expenses into allegedly deductible business expenses; made false assurances of the legality of Renaissance's activity during meetings and in promotional material, including inferences that the IRS had approved the tax program; made false and exaggerated statements, and concealed material facts, about the income potential for IMAs; made guarantees about income tax deductions and income tax savings available to IMAs, including the promise of \$5,000 in tax savings or \$5,000 in tax deductions per year; and was a pyramid scheme.

If convicted, Cooper, Cota, Strand, Gleason each face:

- a maximum of five years in federal prison, without parole, for conspiracy to defraud the Internal Revenue Service and commit mail fraud and wire fraud;
- a maximum of three years for each count of assisting in the preparation of false tax returns; and
- a maximum of five years for each count of mail fraud and wire fraud.

Cooper also faces a maximum of twenty years for conspiracy to commit money laundering and each count of money laundering and a maximum of ten years for each count of engaging in monetary transactions in criminally derived property of a value greater than \$10,000.

Renaissance, The Tax People, Inc., faces a maximum fine of \$250,000 on each count.

The case was investigated by the Internal Revenue Service - Criminal Investigation and the United States Postal Inspection Service with assistance from the Kansas Attorney General's Office and is being prosecuted by Assistant U.S. Attorney Scott Rask along with Department of Justice Tax Division Attorneys Charles A. O'Reilly and Lea A. Carlisle.

"This indictment serves as a reminder that fraudulent tax schemes will be investigated and prosecuted to the fullest extent of the law," said Assistant Attorney General O'Connor. "Those who use such schemes to try to hide their income from the IRS risk criminal prosecution and imprisonment. And in the end, they will still have to pay their taxes, along with interest and civil fraud penalties."

"Today's action is an example of how the government will not tolerate abusive tax fraud schemes," stated Nancy Jardine, Chief, IRS Criminal Investigation. "Those who attempt to manipulate the interpretation of the tax laws for their own personal gain at the expense of others will be held accountable. The honest, hardworking American taxpayer pays the price for these scams against the government and the IRS will continue to do its job of investigating organizations that engage in this type of activity."

As in any criminal case, a person is presumed innocent until and unless proven guilty. The charges filed merely contain allegations of criminal conduct.